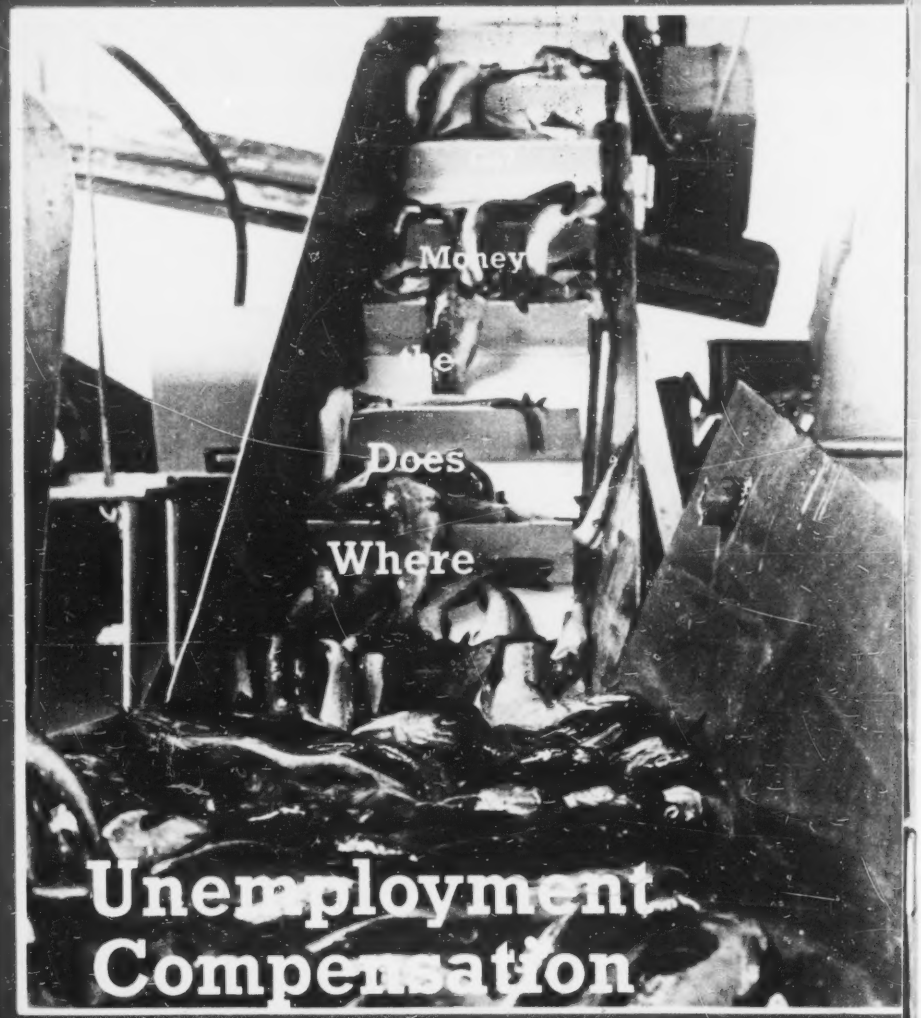
NOVEMBER 1985

ALASKA ECONOMIC TRENDS

Alaska Department of Labor Bill Sheffield, Governor, State of Alaska



Alaska Economic Trends

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1984.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Unemployment Compensation: Where Does the Money Go?

By Veronica Clark

During the 12 months ending September 30, 1985, the federal fiscal year (FFY 1985), Alaska paid $135.6 million in unemployment compensation. This figure is about 2% of the total nonagricultural wage and salary payroll. The purpose of these payments is to help workers maintain purchasing power during periods of involuntary unemployment and thereby stabilize the economy. This article examines the payment of unemployment compensation benefits to both in-state and out-of-state recipients.

Intrastate/Interstate Time Series

Table 1 is a time series for calendar years 1970 through 1984 and FFY 1985. It compares intrastate (in-state) and interstate (out-of-state) data for five conventional measures of unemployment insurance activity: the number of persons receiving an initial payment during the year (First Payments), the number of weekly payments made (Weeks Paid), the total amount of payments made, the average weekly benefit amount (Amount of Payments divided by the Number of Weeks Paid), and the average duration of benefits (Number of Weeks Paid divided by the Number of First Payments). The data in Table 1 pertain only to regular benefits disbursed under the state unemployment insurance program. State regular benefits accounted for 83% of all benefit payments in FFY 1985.

Prior to 1972, state law entitled out-of-state claimants to less than half the weekly benefit amount of in-state claimants. By 1972, this form of discrimination ended. In that year, interstate claimants received 21.2% of all payments. The proportion of interstate payments peaked at 43% in 1977 and has been on a downward trend since then. In FFY 1985, interstate payments were 21.4% of the total, the lowest proportion since 1972.

Most interstate benefits are sent to claimants in Washington, Oregon, or California. Together, these three states account for about 50% of all interstate payments. Interstate claimants are 18.5% of the number of persons receiving first payments in FFY 1985. This is the lowest proportion since 1971.

From 1975 to 1979, the average weekly benefit amount for interstate claimants exceeded that for intrastate claimants. Between 1980 and 1984, the situation was reversed, with intrastate average weekly benefit

amount exceeding the benefit amount paid to interstate claimants. However, in FFY 1985, the relationship reversed again.

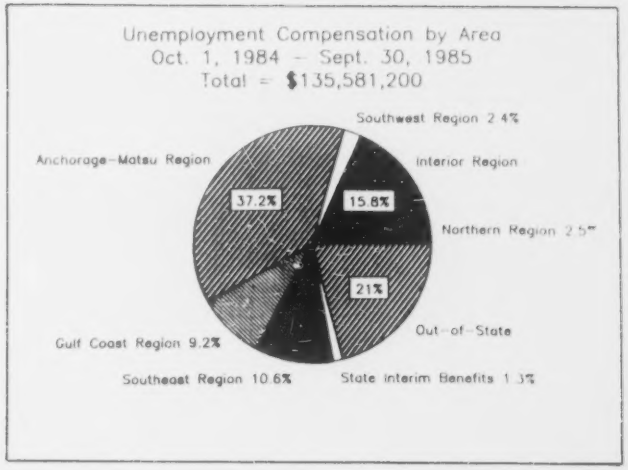
Since 1975, the average duration of benefits for interstate claimants has been consistently greater than that for intrastate claimants. Interstate claimants receive benefits for about three more weeks than intrastate claimants.

Unemployment Compensation by Area

Table 2 presents unemployment compensation data for each of Alaska's census areas as well as out-of-state claimants for the most recent 12 month period, FFY 1985. The data in Table 2 represent all unemployment compensation, including state and federal programs and regular and supplemental benefits. A claimant's location is the place from which the most recent claim was filed.

In FFY 1985, Alaska paid $135.6 million in unemployment benefits to 72,317 persons. The amount of benefits paid in FFY 1985 was 18.4% more than in FFY 1984. The increase was due in part to an increase in benefit payments which went into effect on October 1, 1984, and in part to a 6.1% increase in the number of claimants. The average duration of benefits was the same in both years, 12.3 weeks.

Between FFY 1984 and FFY 1985, regular benefits disbursed under the state program increased from $89.9 million to $112.1 million. Regular benefits paid to former federal civilian employees (UCFE) and military employees (UCX) were unchanged at $4.3 million. Supplemental benefits (Extended Benefits, Federal Supplemental Compensation, Supplemental State Benefits, and State Interim Benefits) declined from $20.3 million to $18.9 million.



About 91% of the total amount paid, $122 million, was drawn from Alaska's economy through payroll taxes and reimbursements from state or local governments. The remainder was reimbursed by the federal government. Alaska employers paid an additional $12 million in federal unemployment insurance tax (FUTA) to contribute to the cost of administering the program.

Out-of-state payments dropped from $30.1 million, or 26.2% of total payments, in FFY 1984 to $28.5 million (21.4%) in FFY 1985. The decline was due mainly to an 11.8% drop in the number of interstate claimants and in small part to the termination of the Federal Supplemental Compensation program on March 31, 1985.

The decline in the interstate proportion of payments was offset by a huge increase in benefit payments to the Anchorage-MatSu region. Payments to this region increased by 42.2% from $35.5 million in FFY 1984 to $50.5 million in FFY 1985. These increases boosted the Anchorage-MatSu region's proportion of total payments from 31% to 37.3%. A 21.1% increase in claimants was undoubtedly a major factor contributing to the increase in payments, in addition to a change in the benefit schedule and a slight increase in duration of benefits.

The Gulf Coast region and the Southeast region posted the smallest gains in payments and claimants while the other three regions showed moderate increases in both categories. In FFY 1985, the Northern region received $3.4 million in unemployment benefits, or 2.5% of the total; the Interior region received $21.4 million (15.8%); the Southwest region $3.2 million (2.4%); the Gulf Coast region $12.5 million (9.2%); and the Southeast region $14.4 million (10.6%).

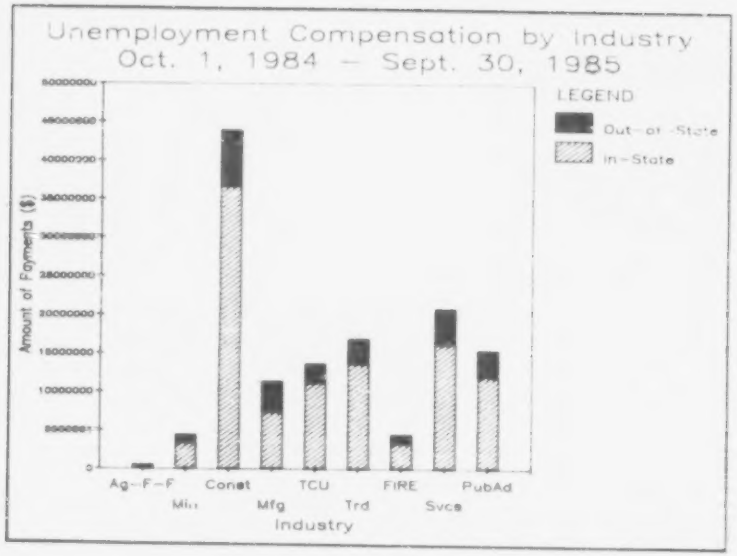
In all the regions, there were dramatic changes in some individual census areas which were masked at the regional level. For example, benefit payments to the Wrangell-Petersburg Census Area declined by 21% while those to Juneau increased by a similar percentage. Payments to claimants in the North Slope Borough, Dillingham Census Area, and Kodiak Island Borough increased by over 40%.

Unemployment Compensation by Industry

About a third of all payments, $44.1 million, went to former employees of the construction industry (Table 3). In-state claimants received 83.2% of this amount and out-of-state claimants 16.8%.

The service industry was a distant second in the amount of unemployment compensation with $21 million, or 15.5% of all payments. In-state claimants received 77.6% of this amount and out-of-state claimants 22.4%.

Anchorage had the largest proportion of benefit payments for all industry groups except manufacturing. Former employees in manufacturing industries received only 8.5% of all payments, $11.5 million. However, 35.5% of these payments were sent to out-of-state claimants, making manufacturing the industry with the largest proportion of interstate payments. The out-of-state proportion jumped to 49.3% for food products, primarily seafood processing. Claimants in the Southeast region received 28.8% of all manufacturing payments, $3.3 million. Three-quarters of manufacturing benefits in the region were paid to claimants who had worked in the depressed lumber and pulp industries.



The distribution of unemployment compensation in-state varied from region to region, with the leading industries being various combinations of five industries: construction, services, public administration, trade, and manufacturing. Two-thirds to three quarters of all unemployment compensation disbursed to the Northern, Interior, and Southwest regions were sent to former employees in construction, services, and public administration. Two-thirds of the benefits sent to claimants

in the Anchorage-MatSu region were directed to former employees in construction, services, and trade. Three-quarters of all unemployment benefits distributed to the Gulf Coast region went to former employees in construction, services, manufacturing, and trade. Finally, most of the payments in the Southeast region were sent to former employees in manufacturing, construction, and public administration.

Summary

Two major trends emerge from analyses of unemployment compensation data. First out-of-state payments are diminishing in relative importance. In FFY 1985, they accounted for 21.4% of nonfederal regular benefit payments, the lowest proportion since 1972. Nonetheless, they were a $24 million leakage from the state's economy ($26 million when other federal program benefits are included), an increase over previous years.

Second the Anchorage-MatSu region is increasing in importance. In FFY 1985, 37.2% of all payments were sent to claimants in the Anchorage-MatSu region compared to 31% in FFY 1984. The region's proportion of beneficiaries increased from 30.8% of the total number of recipients in FFY 1984 to 35.2 percent in FFY 1985.

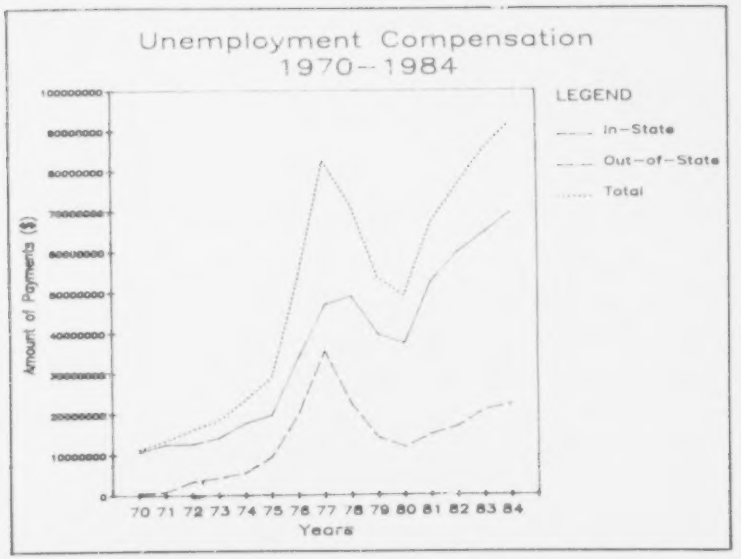


Table 1
Unemployment Compensation (Regular Benefits, Excluding Federal)
1970-1977

	1970	1971	1972	1973	1974	1975	1976	1977
No. of First Payments								
In-State	13,328	13,870	14,552	13,556	16,322	18,905	28,500	31,920
Out-of-State	1,814	2,520	4,103	4,423	4,420	2,717	15,821	18,843
Total	15,142	16,390	18,655	19,979	19,742	20,622	44,321	50,413
No. of Weeks Paid								
In-State	205,251	239,640	241,474	254,156	255,081	366,782	422,575	557,496
Out-of-State	23,667	39,259	70,503	78,993	82,369	125,468	237,085	399,469
Total	228,900	279,049	311,977	333,149	337,450	492,250	659,660	956,965
Amount of Payment (In Millions)								
In-State	10,708	12,533	12,662	14,163	17,717	19,630	33,788	46,959
Out-of-State	473	788	1,404	4,277	5,538	4,326	19,768	35,459
Total	11,181	13,322	16,067	18,441	23,256	23,958	53,556	82,418
Avg. Weekly Benefit Amount								
In-State	$52.17	$52.26	$52.44	$55.73	$69.46	$71.58	$79.96	$84.22
Out-of-State	$20.01	$20.12	$48.28	$54.15	$67.24	$74.05	$83.38	$88.77
Total	$48.85	$47.74	$51.50	$55.35	$68.90	$71.83	$81.19	$86.12
Avg. Duration in Weeks								
In-State	15.4	17.3	16.6	16.3	16.6	14.1	14.8	17.7
Out-of-State	13.0	15.6	17.2	17.8	18.6	16.3	15.7	21.2
Total	15.1	17.0	16.7	16.7	17.1	14.2	14.9	19.0
Percent Distribution								
No. of First Payments								
In-State	88.0%	84.6%	78.0%	77.9%	77.6%	71.0%	64.3%	62.8%
Out-of-State	12.0%	15.4%	22.0%	22.1%	22.4%	29.0%	35.7%	37.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
No. of Weeks Paid								
In-State	89.7%	85.9%	77.4%	76.3%	75.6%	68.0%	64.1%	58.3%
Out-of-State	10.3%	14.1%	22.6%	23.7%	24.4%	32.0%	35.9%	41.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Amount of Payment								
In-State	95.8%	94.1%	78.8%	76.8%	76.2%	67.8%	63.1%	57.0%
Out-of-State	4.2%	5.9%	21.2%	23.2%	23.8%	32.2%	36.9%	43.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Alaska Department of Labor. 1970-1985 UC 217 report: Benefit Payments by Industry and Area

Note: These data represent regular benefits disbursed under the state unemployment insurance program. State regular benefits accounted for 83% of all benefit payments in FFY 1985.

Table 1
Unemployment Compensation (Regular Benefits, Excluding Federal)
1978-1985
(Continued)

	1978	1979	1980	1981	1982	1983	1984	FFY 1985
No. of First Payments								
In-State	31,538	32,409	35,511	28,940	31,902	41,397	46,063	39,386
Out-of-State	14,649	2,194	6,668	2,069	7,987	9,440	9,370	8,912
Total	46,174	34,599	42,219	31,009	39,889	50,837	55,433	48,298
No. of Weeks Paid								
In-State	567,479	346,862	449,666	436,171	456,421	479,951	502,333	582,982
Out-of-State	369,134	169,043	317,868	124,346	132,245	166,862	160,336	158,242
Total	936,613	515,905	767,534	560,517	588,666	646,813	662,669	741,224
Amt. of Payment (In Millions)								
In-State	48.0%	30.6%	37.5%	52.1%	59.7%	64.5%	69.6%	68.1%
Out-of-State	52.0%	69.4%	62.5%	47.9%	40.3%	35.5%	30.4%	31.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average Weekly Benefit Amount								
In-State	$83.21	$91.13	$83.90	$102.83	$120.43	$134.24	$138.60	$151.18
Out-of-State	$90.51	$141.08	$94.70	$125.51	$128.94	$131.22	$138.42	$151.62
Total	$84.43	$91.81	$84.91	$102.14	$120.64	$133.46	$138.56	$151.27
Average Duration in Weeks								
In-State	18.0	17.9	17.2	15.1	14.3	14.4	13.9	14.6
Out-of-State	25.4	21.7	20.6	15.0	16.6	16.3	17.1	17.8
Total	19.2	14.9	17.9	15.1	14.6	14.9	14.6	15.3
Percent Distribution								
No. of First Payments								
In-State	68.3%	93.7%	84.2%	93.3%	80.0%	81.4%	83.1%	81.5%
Out-of-State	31.7%	6.3%	15.8%	6.7%	20.0%	18.6%	16.9%	18.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
No. of Weeks Paid								
In-State	60.6%	67.2%	58.6%	77.8%	77.6%	74.2%	75.8%	78.7%
Out-of-State	39.4%	32.8%	41.4%	22.2%	22.4%	25.8%	24.2%	21.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Amount of Payment								
In-State	51.2%	59.4%	48.9%	66.8%	72.8%	75.1%	75.8%	78.6%
Out-of-State	48.8%	40.6%	51.1%	33.2%	27.2%	24.9%	24.2%	21.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 2
Unemployment Compensation by Area

	Amount of Payments			Number of Payees			Avg. Duration		Average Weekly Benefit Amount FFY 1985
	FFY 1985 No.	FFY 1985 %	% Chg. FFY 84-85	FFY 1985 No.	FFY 1985 %	% Chg. FFY 84-85	FFY 1985 (Wks.)	Change (Wks.)	
Northern Region	3,366,187	2.5%	15.4%	1,711	2.4%	5.7%	13.1	-0.3	$150.37
01 North Slope Borough	925,952	0.7%	42.4%	429	0.6%	25.1%	11.9	-0.5	$181.77
02 Kobuk Census Area	1,018,255	3.8%	-4.8%	540	0.7%	-5.1%	13.1	1.0	$143.70
03 Nome Census Area	1,421,980	1.0%	18.8%	742	1.0%	5.0%	13.8	0.4	$139.33
Interior Region	21,421,031	15.8%	21.5%	10,983	15.2%	10.0%	12.6	0.0	$154.68
04 Yukon-Koyukuk C.A.	2,234,678	1.6%	17.5%	1,188	1.6%	10.1%	13.8	-0.4	$135.95
05 Fairbanks North Star Borough	17,246,097	12.7%	22.4%	8,747	12.1%	9.7%	12.3	0.1	$160.50
06 Southeast Fairbanks Census Area	1,940,056	1.4%	17.9%	1,048	1.4%	12.9%	13.9	-0.1	$132.91
Southwest Region	3,226,085	2.4%	23.6%	1,851	2.6%	9.3%	13.9	0.5	$125.79
07 Wade Hampton C.A.	710,770	0.5%	21.8%	418	0.6%	6.4%	14.2	0.8	$120.16
08 Bethel Census Area	1,613,573	1.2%	30.3%	920	1.3%	13.4%	14.0	0.7	$124.85
09 Dillingham C.A.	554,466	0.4%	44.8%	290	0.4%	29.5%	14.2	0.3	$134.45
10 Bristol Bay Borough	134,935	0.1%	36.2%	78	0.1%	11.4%	13.0	0.4	$132.68
11 Aleutian Islands C.A.	212,341	0.2%	-30.8%	145	0.2%	-25.6%	11.5	-1.6	$127.46
Anchorage-MatSu Region	50,459,886	37.2%	42.2%	25,421	35.2%	21.1%	12.6	0.6	$157.29
12 MatSu Borough	11,402,962	8.4%	55.4%	5,437	7.5%	30.7%	13.3	0.8	$157.34
13 Municipality of Anch.	39,056,924	28.8%	38.7%	19,984	27.6%	18.7%	12.4	0.5	$157.27

Alaska

By Edward Eboch

Alaska's economy has ended its summer season with a respectable performance. While the seasonally adjusted employment numbers trended downward, employment was up from a year ago. Most of the industry declines from last year were in construction and construction related employment. With a high ratio of out-of-state workers in construction, the declines in employment in this industry will have less impact than might be imagined. The tourist season can only be described as disappointing as it appears that little increase in tourist trade was seen this year. This appears to be largely a result of the strong dollar which made foreign travel attractive to U.S. tourists and travel to Alaska unattractive to foreign visitors. With the decline in the value of the dollar the tourist industry should rebound next season.

The price of oil and its impact on the State of Alaska's revenues continues to be a concern as state spending has been a major contributor to economic growth the past several years. While a decline in the price of oil would mean an even tighter state budget, prospects for a settlement on the Trans-Alaska Pipeline tariff case as well as other revenue sources to the state could mitigate the impact of lower oil prices. An increasing military presence in Alaska with the associated construction projects and North Slope oil field construction will help offset the decline in state supported construction.

The Fishery Season

With oil revenues catching the attention of the news media, the significance of the fishing industry in Alaska is often overlooked. One problem is that nonagricultural wage and salary employment estimates do not include estimates of fish harvesting employment; they include only fish processing employment. Total employment in the fishing industry (Table 1) is nearly twice that of Alaska's oil and gas industry and the fishing industry continues to grow in importance. With the emphasis on the benefits of fish products as a substitute for meat in America's diet this industry is well positioned for continued growth. With proper development and conservation of this important Alaska resource, fishing will continue to play an important role in Alaska's economy long after its oil resources are depleted.

The 1985 commercial salmon season was estimated to be the largest harvest in history with a catch in excess of 138 million salmon. This is the sixth consecutive year the harvest has exceeded 100 million fish. The value of this year's salmon catch is estimated to be $350-$400 million, second only to the record year of 1981. With the fish caught in the late openings in the Southeast yet to be counted, this year may yet exceed the catch of 1981 in value. Several factors have contributed to the record harvest including the contribution of supplemental production from state and private hatcheries. Since the hatchery program was introduced, an increase in the catch has paralleled the growth in the fry release.

The fish processing employment numbers for 1985 have been above last year's numbers for most of 1985. Declines of previous years have been a result of the poor shellfish seasons and a shift to a greater percent of processed frozen salmon. While there has been a shift from canning to freezing, which is less labor intensive, during the last few years, the decline in fish processing employment has reversed itself. With larger catches the amount of salmon that is canned exceeds the amount canned in previous years, even though a higher percentage of the catch is being frozen.

Summary

Expectations about economic events often influence economic activity. While there is reason for concern about the performance of the Alaskan economy over the next several years, the long term outlook is attractive given Alaska's wealth of natural resources. Both the expanded military presence in Alaska and the activities planned for the North Slope will limit the impact of reduced state expenditures, and they will add to growth in the services and trade sectors. In addition, the trade, finance, and services industries will increase, although slowly, because of a natural increase in the population and because of a demographic change: the average age of the population of Alaska is increasing and an older population tends to spend more, which will provide a base for continued expansion.

Current Trends

Alaska nonagricultural wage and salary employment decreased in September by 2,800 jobs. The manufacturing sector, especially fish processing employment, accounted for the bulk of the decline. The seasonal declines in construction, trade, services and manufacturing were somewhat offset by the beginning of the 1985/86 school year and its attendant increase in employment. It might be noted that the declines in year-to-year employment are in industries that tend to have a higher percentage of nonresident employment so that these declines in employment are less significant to Alaska's overall economic performance.

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

			Changes From:	
	P/ 9/85	R/ 8/85	9/84	8/85	9/84
Nonag. Wage & Salary	242500	245300	239600	-2800	2700
Mining	9500	9700	9100	-200	400
Construction	22700	23500	25100	-800	-2400
Manufacturing	14300	18700	14800	-4400	-500
Food & Kindred Prod.	8700	13200	9000	-4500	-300
Lumber & Paper Prod.	2300	2200	2600	100	-300
All Other Mfg.	3300	3300	3200	0	100
Trans. Comm & Utilities	20200	20500	19500	-300	700
Trucking & Whseing.	2400	2400	2300	0	100
Water Transportation	1600	1700	1500	-100	100
Air Transportation	6600	6800	6100	-200	500
Other Trans. Comm. & Utilities	9600	9600	9600	0	0
Trade	46800	47300	46300	-500	500
Wholesale	9000	9000	8700	0	300
Retail	37800	38300	37600	-500	200
Gen. Mer. & Apparel	5200	5400	5300	-200	-100
Food Stores	6500	6500	6100	0	400
Eating & Drinking Pl.	14100	14200	13800	-100	300
Other Retail Trade	12000	12200	12400	-200	-400
Finance-Ins. & R.E.	13200	13500	12700	-300	500
Services & Misc.	45400	46400	45000	-1000	400
Government	70400	65700	67300	4700	3100
Federal	18100	18200	18700	-100	-600
State	21200	19800	19600	1400	1600
Local	31100	27700	29000	3400	2100

Prepared in coooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools and personnel employed by the University of Alaska.

Benchmark Date March 1984

P/ Denotes Preliminary Estimates.
R/ Denotes Revised Estimates.

Table 1
Alaska Commercial Salmon Industry
1977-1985

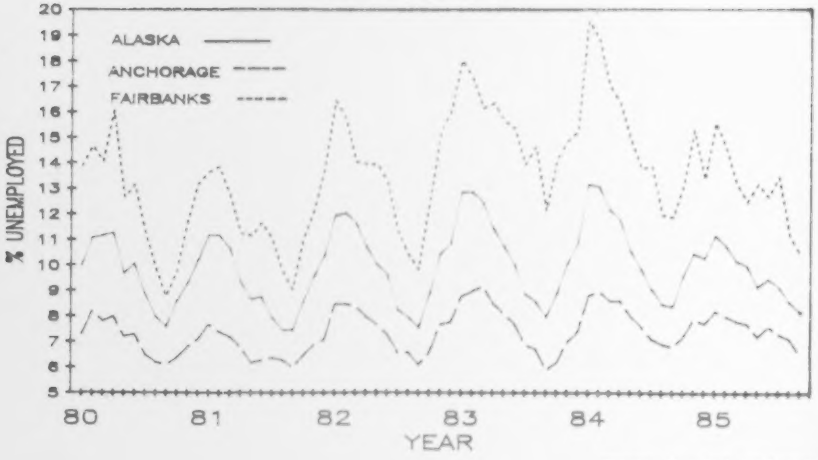
Year	Volume in Million Pounds	Value in Million Dollars	% Frozen	Fish Processing Employment Annual Avg.	Fish Harvesting Employment Annual Avg.
1975	139.8	55.9	32.75		
1976	245.9	118.0	24.13		
1977	307.4	170.8	29.98		6007
1978	389.7	243.9	35.51	5817	7111
1979	442.7	344.6	42.91	6657	7750
1980	511.4	268.5	42.13	7510	7620
1981	612.0	398.0	44.86	7834	7898
1982	562.7	310.7	67.56	6649	8285
1983	621.4	320.6	55.91	6092	7946
1984	658.4	354.6	53.80	5720	
1985	626.0	350-400			

Sources: Alaska Commercial Salmon Season Summary, Alaska Department of Fish and Game, Division of Commercial Fisheries. Alaska Fish Harvesting Employment, Alaska Department of Labor, Research and Analysis. Seafood Business Report, Spring 1985.

UNEMPLOYMENT RATES

NOT SEASONALLY ADJUSTED

1980 to Present

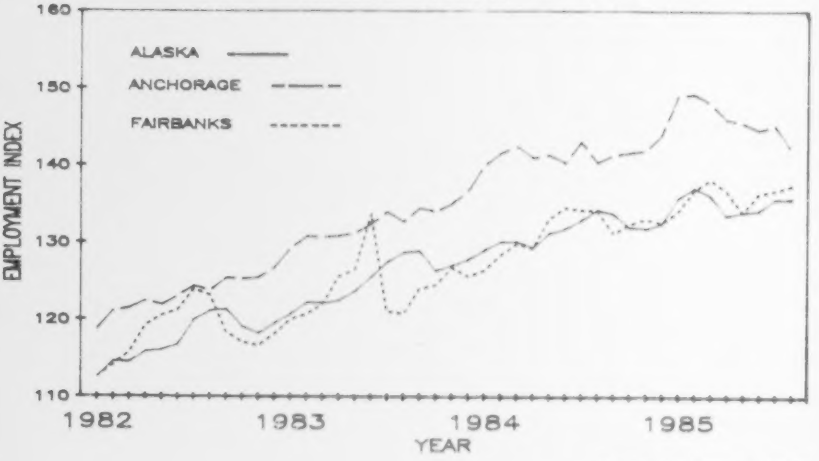


source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes

Seasonally Adjusted

1982 to Present



source: Ak. Dept. of Labor

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 9/85	R/ 8/85	9/84	P/ 9/85	R/ 8/85	9/84	P/ 9/85	R/ 8/85	9/84	P/ 9/85	R/ 8/85	9/84
Alaska Statewide	252495	259345	253889	20673	22395	20040	8.2	8.6	7.9	231822	236950	233849
Anch-MatSu Region	134437	136287	133609	9712	10619	9005	7.2	7.8	6.7	124725	125668	124604
Anchorage Borough	120303	121890	119863	7857	8594	7526	6.5	7.1	6.3	112446	113296	112337
MatSu Borough	14134	14397	13746	1855	2025	1479	13.1	14.1	10.8	12279	12372	12267
Gulf Coast Region	37633	30770	27714	2563	2729	2254	9.3	8.9	8.1	25070	28041	25460
Kenai Peninsula Bor	17269	19279	17047	1970	2167	1510	11.4	11.2	8.9	15299	17112	15537
Kodiak Island Bor	6271	6933	6457	349	309	443	5.6	4.5	6.9	5922	6624	6014
Valdez-Cordova	4093	4558	4210	244	253	301	6.0	5.6	7.1	3849	4305	3909
Interior Region	37741	38197	37999	3777	4080	3816	10.0	10.7	10.0	33964	34117	34183
Fairbanks North Star Bor	30647	31029	30817	3206	3465	3199	10.5	11.2	10.4	27441	27564	27618
Southeast Fairbanks	2952	2964	3067	189	188	286	6.4	6.3	9.3	2763	2776	2781
Yukon-Koyukuk	4142	4204	4115	382	427	331	9.2	10.2	8.0	3760	3777	3784
Northern Region	8550	8625	8649	957	1133	925	11.2	13.1	10.7	7593	7492	7724
Kobuk	2623	2691	2763	240	340	339	9.1	12.6	12.3	2383	2351	2424
Nome	3508	3543	3616	330	407	383	9.4	11.5	10.6	3178	3136	3233
North Slope Borough	2419	2391	2270	387	386	203	16.0	16.1	8.9	2032	2005	2067
Southeast Region	32004	33106	34041	2690	2710	3244	8.4	8.2	9.5	29314	30396	30797
Haines Borough	989	1009	1071	66	52	101	6.7	5.2	9.4	923	957	970
Juneau Borough	12330	12781	13027	982	1015	1106	8.0	7.9	8.5	11348	11766	11921
Ketchikan Gateway Bor	6736	6910	7536	519	463	1004	7.7	6.7	13.3	6217	6447	6532
Prince of Wales-Outer Ketchikan	2397	2478	2476	284	288	257	11.8	11.6	10.4	2113	2190	2219
Sitka Borough	4259	4435	4273	516	553	340	12.1	12.5	8.0	3743	3882	3933
Skagway-Yakutat-Angoon	1864	1967	1972	113	151	132	6.1	7.7	6.7	1751	1816	1840
Wrangell-Petersburg	3429	3526	3686	210	188	304	6.1	5.3	8.2	3219	3338	3382
Southwest Region	12130	12360	11877	974	1124	796	8.0	9.1	6.7	11156	11236	11081
Aleutian Islands	2886	2929	2897	91	114	120	3.2	3.9	4.1	2795	2815	2777
Bethel	4842	4984	4646	532	643	365	11.0	12.9	7.9	4310	4341	4281
Bristol Bay Borough	462	467	475	24	25	39	5.2	5.4	8.2	438	442	436
Dillingham	1970	1986	1944	121	123	107	6.1	6.2	5.5	1849	1863	1837
Wade Hampton	1970	1994	1915	206	219	165	10.5	11.0	8.6	1764	1775	1750

P/ Preliminary R/ Revised 1984 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Gulf Coast Region	12,489,048	9.2%	12.1%	7,145	9.9%	1.1%	12.5	0.1	$140.17
14 Kenai Peninsula Bor.	8,611,947	6.4%	7.9%	4,781	6.6%	-0.4%	12.5	-0.2	$144.65
15 Kodiak Island Bor.	2,035,777	1.5%	45.9%	1,407	1.9%	10.0%	11.9	1.7	$122.01
16 Valdez-Cordova C.A.	1,841,324	1.4%	4.4%	957	1.3%	-2.8%	13.5	0.2	$142.99
Southeast Region	14,379,033	10.6%	8.0%	8,939	12.4%	1.9%	11.5	-0.3	$139.56
17 Skagway-Yakutat-Angoon Census Area	1,172,489	0.9%	36.0%	719	1.0%	20.6%	13.3	0.1	$122.90
18 Haines Borough	553,778	0.4%	8.8%	294	0.4%	-4.5%	13.4	1.0	$140.70
19 City and Borough of Juneau	4,432,379	3.3%	21.5%	2,692	3.7%	7.1%	11.4	0.2	$144.67
20 City and Borough of Sitka	1,548,170	1.1%	16.9%	1,054	1.5%	11.8%	10.1	-1.1	$146.68
21 Wrangell-Petersburg Census Area	1,836,017	1.4%	20.6%	1,209	1.7%	10.2%	10.9	-1.7	$138.79
22 Prince of Wales-Outer Ketchikan C.A.	1,484,383	1.1%	12.3%	894	1.2%	7.8%	12.6	-0.6	$131.33
23 Ketchikan Gateway Borough	3,351,816	2.5%	0.6%	2,077	2.9%	7.0%	11.4	0.1	$141.08
State Interim Benefits Program	1,751,361	1.3%	34.3%	1,552	2.1%	16.9%			
In-State Total	107,092,631	79.0%	26.9%	57,602	79.7%	11.9%	12.1	0.3	$150.60
Out-of-State Total	28,488,569	21.0%	-5.2%	14,715	20.3%	-11.8%	12.8	-0.5	$151.14
Grand Total	135,581,200	100.0%	18.4%	72,317	100.0%	6.1%	12.3	0	$150.72

Source: Alaska Department of Labor, 1983-1985, RESP 8003, Claimant Characteristics Tape.

Note: These data represent all unemployment compensation, including state and federal (UCFE, UCX) programs and regular and supplemental benefits (Extended Benefits, Federal Supplemental Compensation, Supplemental State Benefits, and State Interim Benefits).

Table 3
Unemployment Compensation by Industry and Area
FFY 1985

	Northern Region	Interior Region	Southwest Region	Anch.-MatSu Region	Gulf Coast Region	Southeast Region
Ag., For. and Fisheries	16,331	37,041	1,241	146,653	90,426	136,587
Mining	218,602	414,825	28,518	1,918,395	799,536	111,176
Oil and Gas	51,121	210,330	21,598	1,637,078	748,391	51,605
Other Mining	167,481	204,495	6,920	281,317	51,145	59,571
Construction	882,609	10,050,421	512,785	17,787,062	4,410,321	3,081,871
Manufacturing	18,249	449,949	309,201	1,753,904	1,569,599	3,313,075
Food Products	5,094	115,892	291,753	474,472	1,346,095	725,314
Lumber and Wood	6,371	68,952	7,332	356,649	67,243	1,473,506
Paper Products	0	12,906	0	40,363	26,902	1,018,887
Other Mfg.	6,784	252,169	10,116	882,420	129,359	95,368
Trans., Comm. and Utilities	260,006	1,989,687	369,878	5,942,089	1,003,134	1,597,803
Trade	205,266	2,306,785	213,814	7,798,257	1,566,587	1,582,090
Finance-Ins. and R.E.	92,935	373,899	157,940	2,019,055	317,248	376,695
Services	653,784	3,134,494	818,061	8,222,425	1,730,624	1,718,374
Public Administration	993,093	2,522,112	787,043	4,405,881	896,758	2,343,445
Unclassified	25,312	141,818	27,604	466,165	104,815	117,917
Total	3,366,187	21,421,031	3,226,085	50,459,886	12,489,048	14,379,033

Table 3
Unemployment Compensation by Industry and Area
FFY 1985
(Continued)

	In-State Total		Out-of-State Total		Grand Total			
	No.	%	No.	%	No.	%	% In-State	% Out-of-State
Ag., For. and Fisheries	428,279	0.4%	111,305	0.4%	539,584	0.4%	79.4%	20.6%
Mining	3,491,052	3.3%	1,101,532	3.9%	4,592,584	3.4%	76.0%	24.0%
Oil and Gas	2,720,123	2.5%	766,171	2.7%	3,486,294	2.6%	78.0%	22.0%
Other Mining	770,929	0.7%	335,361	1.2%	1,106,290	0.8%	69.7%	30.3%
Construction	36,725,069	34.3%	7,393,482	26.0%	44,118,551	32.5%	83.2%	16.8%
Manufacturing	7,413,977	6.9%	4,082,930	14.3%	11,496,907	8.5%	64.5%	35.5%
Food Products	2,958,620	2.8%	2,872,620	10.1%	5,831,240	4.3%	50.7%	49.3%
Lumber and Wood	1,980,083	1.8%	784,189	2.8%	2,764,272	2.0%	71.6%	28.4%
Paper Products	1,099,058	1.0%	154,162	0.5%	1,253,220	0.9%	87.7%	12.3%
Other Mfg	1,376,216	1.3%	271,959	1.0%	1,648,175	1.2%	83.5%	16.5%
Trans., Comm. and Utilities	11,162,597	10.4%	2,640,334	9.3%	13,802,931	10.2%	80.9%	19.1%
Trade	13,672,799	12.8%	3,363,928	11.8%	17,036,727	12.6%	80.3%	19.7%
Finance-Ins. and R.E.	3,337,772	3.1%	1,247,514	4.4%	4,585,286	3.4%	72.8%	27.2%
Services	16,277,762	15.2%	4,705,069	16.5%	20,982,831	15.5%	77.6%	22.4%
Public Administration	11,948,332	11.2%	3,589,801	12.6%	15,538,133	11.5%	76.9%	23.1%
Unclassified	883,631	0.8%	252,674	0.9%	1,136,305	0.8%	77.8%	22.2%
State Interim Benefits	1,751,361	1.6%			1,751,361	1.3%	100.0%	0.0%
Total	107,092,631	100.0%	28,488,569	100.0%	135,581,201	100.0%	79.0%	21.0%

Source: Alaska Department of Labor, 1984-1985, RESP 8003, Claimant Characteristics Tape.

Anchorage/MatSu

By Greg Huff

Anchorage's Oil and Gas Employment

Alaska's North Slope supplies 18% of the nation's annual domestic crude oil production. Ongoing North Slope programs are aimed at slowing the inevitable decline of existing reserves and searching for new deposits. These projects range from initial geophysical surveys to utilization of secondary and tertiary recovery techniques. Each stage in the development of North Slope oil fields required increases in employment both on the slope and in Anchorage. Anchorage, as headquarters to North Slope operations, benefits directly from this development and production of oil.

Since 1977, with development of the Prudhoe Bay oil field, Anchorage's oil and gas work force, consisting of administrative and support staffs for Alaska's oil operations, has grown enormously. In 1977 Anchorage's oil and gas employment totaled 1,245 workers and by 1984 had increased to 3,422 workers, a 175% increase. During this time Anchorage's oil and gas employment increased from 27% to 43% of the industry statewide total. With continued development of the North Slope oil fields, employment in Anchorage's oil and gas industry can be expected to continue to grow.

Anchorage Oil Industry Composition

The Anchorage oil industry, a component of the mining industry, can be divided into four major sectors; oil and gas production, drilling of oil and gas wells, exploration services and miscellaneous oil field service firms. The oil and gas employment statistics presented in this article include only those workers directly employed by the oil and gas industry and working in Anchorage. Employment connected to pipeline management and operation or other transportation of the oil or oil and gas field supplies is not included. Those workers employed on the slope yet living in Anchorage are excluded as well.

Production firms employment represented 63% of Anchorage's oil and gas employment in 1984, up from 47% in 1977. Producers such as Sohio and Arco contract with other firms to provide drilling and oil field services such as directional drilling, seismic testing and oil well logging.

Anchorage Oil and Gas Employment

	Annual Average 1977	Annual Average 1984	Percent Change 1977-1984
Production	590	2145	264%
Drilling	161	309	92%
Exploration	266	539	103%
Oil Field Services	229	429	88%
Total Oil and Gas	1246	3422	175%

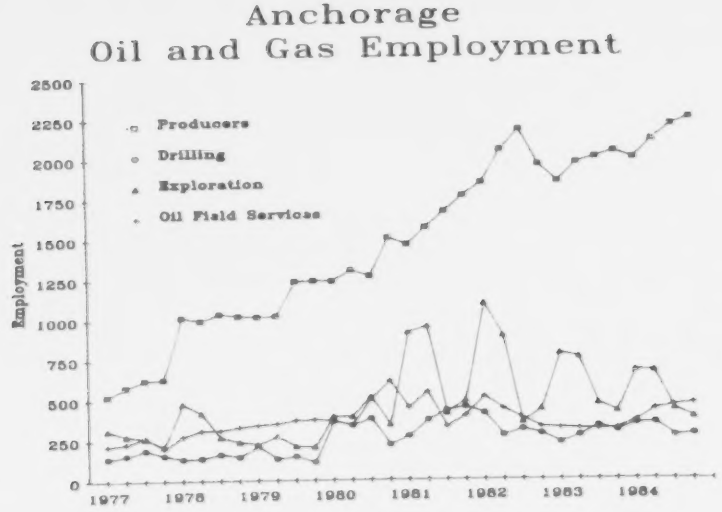
Drilling

Employment levels in the drilling sector in Anchorage have been directly related to drilling activity on the slope. Since 1977 employment has been influenced by the Prudhoe Bay and Kuparuk fields' drilling schedules and various exploratory efforts. Although Anchorage drilling employment increased 92% from 1977 to 1984 the proportion of total oil and gas employment in Anchorage declined from 13% to 9%. Anchorage drilling employment peaked in late 1981 and early 1982, coinciding with the peak of production and exploratory well drilling. Some seasonal employment fluctuations exist during the year as employment decreases in the summer due to seasonal drilling restrictions and peaks during the frozen winter.

Development of production wells contributes the majority of the work for the drilling contractors while exploratory drilling, a more volatile segment of the industry, contributes less to the workload. The industry is highly competitive and contractors are constantly bidding against each other for jobs. The oversupply of oil worldwide and drop in the price of oil caused drilling activity to decrease in 1983. Exploration drilling slowed substantially and production well count declined as well, but the active rig count drop was proportionally greater. The introduction of new, more efficient rigs brought about the decline. A well could be drilled twice as fast as they were a few years prior, hence fewer rigs were needed to do the same amount of work.

Exploration and Miscellaneous Oil Field Services

The exploration services and miscellaneous oil field services sectors of the industry are influenced by similar factors, but exploration services such as seismographic surveys and geophysical exploration are more sensitive to exploration expenditures while other field services employment is more sensitive to construction and production schedules. The line representing exploration services employment in the accompanying graph shows spikes in 1978 representing Kuparuk exploration efforts and again in 1981 representing the exploration of the



Beaufort Sea among other locations. Seasonal restrictions place many limitations on exploration efforts. Exploration peaks during the frozen winter months when it is possible to travel over the tundra without harming it and the construction of ice roads is possible.

For those contractors providing the diverse array of other oil field services, 1981 through 1983 were busy years. As exploration efforts waned in 1983 employment in this sector fell. A resurgence in employment was experienced in this sector in 1984 and it will likely see some increases into 1987.

Production

Employment in the oil and gas sector containing those Anchorage firms responsible for petroleum operations grew from 590 jobs in 1977 to 2,145 jobs in 1984, a 264% increase. Expanded North Slope oil operations has had a direct impact on Anchorage's support personnel requirements. The dynamic employment growth experienced from 1977 to 1982 represented the period containing the development of the Prudhoe Bay to peak production of 1.5 million barrels per day. Programs aimed at maximizing recoverable reserves and the development of the Kuparuk field and other outlying areas also contributed to employment growth during this period.

A sharp decline in exploration efforts and slower paced development of Prudhoe in 1983 brought about a decline in Anchorage based support staffs. The Prudhoe Bay water-flood program, the ongoing de-

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	P/ 9/85	R/ 8/85	9/84	Changes From: 8/85	9/84
Nonag. Wage & Salary	119450	119000	117100	450	2350
Mining	4250	4200	4050	50	200
Construction	11400	11850	12050	-450	-650
Manufacturing	3250	3550	3100	-300	150
Food & Kindred Prod	1050	1350	1000	-300	50
Other Mfg	2200	2200	2100	0	100
Trans. Comm. & Utilities	9650	9850	9500	-200	150
Trucking & Whseing	1250	1300	1250	-50	0
Water Transportation	400	450	400	-50	0
Air Transportation	3900	4000	3900	-100	0
Other Trans. Comm. & Utilities	4100	4100	3950	0	150
Trade	28450	28500	27800	-50	650
Wholesale	6750	6800	6650	-50	100
Retail	21700	21700	21150	0	550
Gen. Merchandise	1600	1600	1700	0	-100
Food Stores	3350	3350	3150	0	200
Eating & Drinking Pl	8500	8450	8350	50	150
Other Retail Trade	8250	8300	7950	-50	300
Finance-Ins. & R.E.	9100	9200	8950	-100	150
Services & Misc.	26400	26450	25650	-50	750
Government	26950	25400	26000	1550	950
Federal	9950	10150	10350	-200	-400
State	7250	6600	6750	650	500
Local	9750	8650	8900	1100	850

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage/MatSu

	P/ 9/85	R/ 8/85	9/84	Changes From: 8/85	9/84
Nonag. Wage & Salary	128100	127200	124550	900	3550
Mining	4250	4250	4100	0	150
Construction	12450	12950	13150	-500	-700
Manufacturing	3400	3700	3250	-300	150
Trans. Comm. & Utilities	10650	10750	10300	-100	350
Trade	30350	30350	29550	0	800
Finance-Ins. & R.E.	9450	9600	9000	-150	450
Services & Misc.	28100	28100	27300	0	800
Government	29450	27500	27900	1950	1550

velopment of Kuparuk field to full production of 250,000 b/d by 1987 and the initial development stages of Endicott, Lisburne and Milne Point fields induced another round of growth beginning in 1984 and continuing into 1985. Despite the well publicized reorganizations of national oil companies based in Anchorage, employment has continued to increase and is expected to increase in 1986. The growth in this sector has been based in established firms. In 1977 producers averaged 53 employees, but by 1984 this number had risen to 200.

Current Trends

The Anchorage/MatSu region's unemployment rate for September fell to 7.2%, the expected low for 1985. The unemployment rate usually increases in October as construction workers, seafood processing workers and other seasonal workers are laid off for the winter.

In September, nonagricultural wage and salary employment for Anchorage experienced seasonal declines in the construction, manufacturing, transportation and federal government sectors. Local and state government employment gains in September were primarily a result of increases in school personnel. The over-the-year growth in state government and similar decline in federal government employment represent the transfer of the railroad from the federal government to the state while local government employment growth has been based in schools, utilities operated by the city and other general services.

Fairbanks/Interior

By Neal Fried

Fairbanks' Financial Industry

Bankers, stockbrokers, realtors, and insurance agents are all part of the financial industry in Fairbanks. This industry is referred to by the Department of Labor as finance, insurance and real estate or by the less cumbersome acronym FIRE. However, in the following article it will be referred to as the financial industry because of all of its interrelated segments.

The financial industry is the third smallest of Fairbanks' industries, employing approximately 3.4% of the total wage and salary work force. Size as measured by employment may not be a good indicator of the significance of the industry in Fairbanks. Though it is a small industry, with a small yearly payroll ($24 million), hundreds of millions of dollars flow through the hands of Fairbanks' financial industry annually.

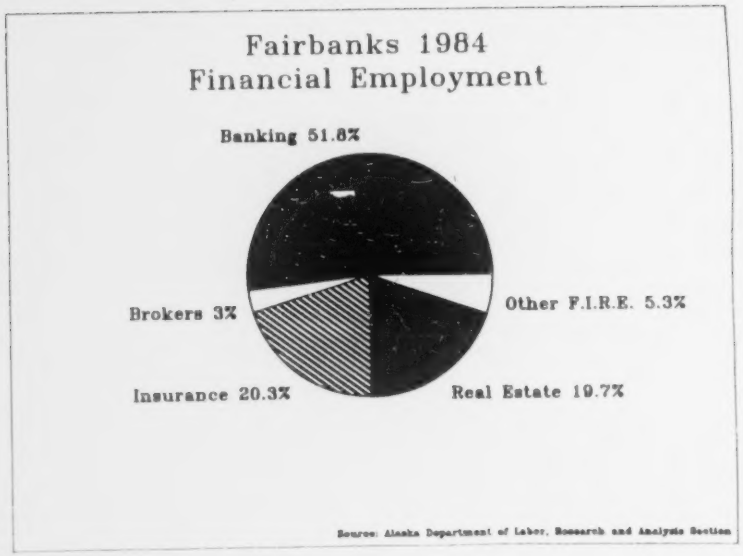
In 1984, Fairbanks' commercial and mutual savings banks alone had deposits in excess of $300 million and loans of $250 million. For the same year $120 million worth of new commercial and residential building starts were recorded for the area. These dollar figures have all been climbing steadily since 1980 and the number of employees involved in financial activity has also been increasing.

Fairbanks Financial Employment
1984

	Annual Avg. Employment	Percent Distribution
Banking and Credit Unions	492	51.8%
Insurance	193	20.3%
Real Estate	187	19.7%
Stock and Commodities Brokers	28	3.0%
Other Financial	50	5.3%
Total	949	100.0%

Source: Alaska Department of Labor, Research and Analysis.

During the past five years employment growth in the financial industry has out-paced Fairbanks' overall employment growth. The financial industry had 40% growth compared to 33% growth in total employment. Banking is the industry's largest segment, accounting for more than 50% of the employment (This includes banks, savings and loans, and credit unions). Banking employment has not grown as quickly as the rest of the industry which may be partially explained by technology. Banking has made large investments in automation during the past decade; this increased activity has not necessarily provided increases in personnel as it would have in the past.



Deregulation and technological changes have brought new entries into the market and the services offered have changed. For example passbook savings, once a big share of the banking business, has actually declined over the years but NOW and Money Market Demand Accounts, which did not exist in 1980, are larger than passbook savings ever were. The creation of these new banking vehicles resulted from deregulation.

The insurance business is the next largest sector within Fairbanks' finance industry, accounting for 20.3% of the industry's employment (See chart). It grew considerably faster than banking, doubling its employment in four years. Real estate follows closely behind the insurance sector with 19.7% of financial industry employment. It has had a less stable history than the remainder of the industry. Real estate's employment peaked at 202 in 1982, and has slacked off some since then. The number of firms has remained relatively stable in this other-

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	P/ 9/85	R/ 8/85	9/84	Changes From: 8/85	9/84
Nonag. Wage & Salary	30750	30500	29850	250	900
Mining	200	200	200	0	0
Construction	3700	3950	3800	-250	-100
Manufacturing	650	650	550	0	100
Trans. Comm. & Utilities	3050	3000	3000	50	50
Trucking & Whsemg.	400	450	400	-50	0
Air Transportation	850	900	800	-50	50
Other Trans. Comm. & Utilities	1800	1650	1800	150	0
Trade	6400	6450	6250	-50	150
Wholesale	1050	1050	1100	0	-50
Retail	5350	5400	5150	-50	200
Gen. Mer. & Apparel	600	600	550	0	50
Food Stores	800	800	850	0	-50
Other Retail Trade	3950	4000	3750	-50	200
Finance-Ins. & R.E.	1050	1050	1000	0	50
Services & Misc.	5750	6000	5700	-250	50
Government	9950	9200	9350	750	600
Federal	2900	2900	2700	0	200
State	4150	3800	3850	350	300
Local	2900	2500	2800	400	100

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	P/ 9/85	R/ 8/85	9/84	Changes From: 8/85	9/84
Nonag. Wage & Salary	35400	35100	34800	300	600
Mining	300	350	350	-50	-50
Construction	3950	4100	4000	-150	-50
Manufacturing	700	700	600	0	100
Trans. Comm. & Utilities	3850	3750	3800	100	50
Trade	6850	6950	6650	-100	200
Finance-Ins. & R.E.	1100	1150	1050	-50	50
Services & Misc.	6150	6400	6150	-250	0
Government	12500	11700	12200	800	300

wise volatile industry. Stocks and commodities brokers bring up the rear, with a 3% sliver of the pie. Their numbers are small but they are rallying to new heights each year.

Banking deregulation and technological advances are bringing dramatic changes to the finance industry. The bankers, brokers and insurance agents are now often competing directly. Automation has cut down on personnel, and other technological advances may bring more dramatic changes. This has yet to have a big impact on the makeup of the financial industry in Fairbanks, but the future could have big changes in store.

Current Trends

Fairbanks' unemployment fell again in September registering an unemployment rate of 10.5%. This is the lowest it has been in 1985, and it will not likely fall any further during the remainder of the year. In fact, if the unemployment rate follows past patterns, it will begin its winter ascent next month. An over-the-year comparison reveals little change from the year ago rate of 10.4%.

Wage and salary employment increased in September, reaching the 30,750 mark. The big contributor to employment growth was education both at the state and local level. The University of Alaska, Tanana Valley Community College and local school staffs returned for the 85/86 academic year. Strong over-the-year increases in government (largely education) still exist. The only industries with employment losses this month were construction and services, largely because of seasonal factors, but construction continues to show signs of overall softness.

Gulf Coast

By Neal Fried

Kenai Peninsula's Oil and Gas Employment

The Kenai Peninsula's oil fields are producing far less oil than they did during the late 1960s and mid 1970s. Today, approximately one-quarter the number of barrels is being produced compared to the peak year of 1970 when 82 million barrels of oil were produced. One might expect this precipitous drop in oil production would be accompanied by an equally dramatic decline in employment on the Kenai Peninsula. Oil and gas employment did peak in 1968 with more than 1,000 workers, but today's figures of 700-750 workers compare favorably with 1970s figure of 650. During the 1980s employment figures have fluctuated, peaking at 848 in 1982 when there was a flurry of exploration activity. Though oil and gas employment has not kept up with the frenzied economic growth of most of Kenai's remaining industries, its employment has remained reasonably stable.

Oil is not the only product being pumped out of Kenai's oil fields. Natural gas is now actually a more important resource. The gas fields were developed simultaneously with the oil fields, however, production in gas continued to grow through 1982 and has remained relatively stable since then. Kenai's fields are a long way from the North Slope, but the infrastructure which has been built in Kenai over the past 25 years now provides support to the state's northern oil fields. Many oil service companies headquartered in Kenai do business on the North Slope. The legacy of Kenai's oil field has also meant many veteran workers from Kenai's oil fields now work up north but continue to live in Kenai. This does not affect Kenai's oil and gas employment figures because they would be counted on the North Slope, but it does provide economic stimulus to the area that would not have existed if Kenai were not a center of oil and gas production. Exploration activity in Kenai for both gas and oil was brisk for a couple of years during the 1980s which further bolstered the employment numbers.

Kenai's hydrocarbon resources fuel the State's most extensive refining and chemical complex. This complex includes two oil refineries, one liquid natural gas (LNG) plant and a large manufacturer of ammonia-urea fertilizers. All of these plants have gone through expansion phases, the last to be completed this year with the expansion of the Tesoro oil refinery. These plants (excluding the LNG plant) employ 450 workers. Though these plants depend on hydrocarbons for their feed stock, the plants' employment figures are not found under oil and gas but instead are included in the manufacturing sector. Oil refining employment has actually grown despite Kenai's declining oil production because the refineries are now also using North Slope crude as a feed stock.

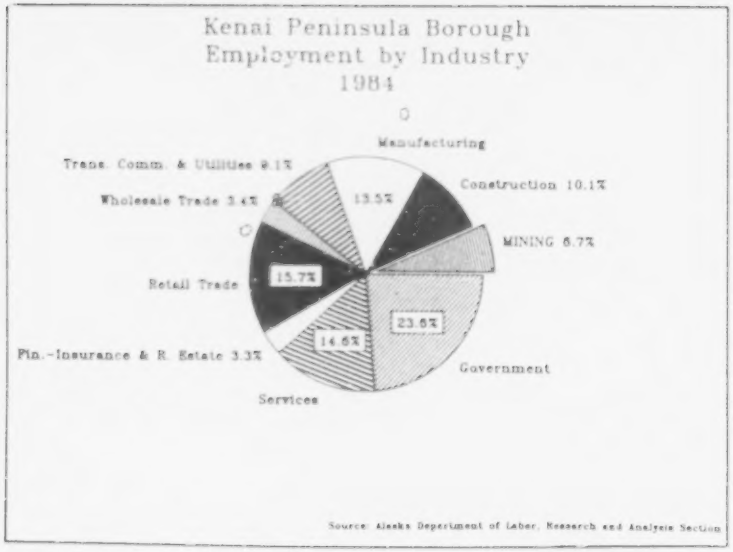
Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

				Changes From:	
	P/ 9/85	R/ 8/85	9/84	8/85	9/84
Nonag. Wage & Salary	22800	25150	22600	-2350	200
Mining	850	850	800	0	50
Construction	2600	2700	2700	-100	-100
Manufacturing	3850	6350	3950	-2500	-100
Food & Kindred Prod.	3150	5600	3300	-2450	-150
All Other Mfg.	700	750	650	-50	50
Trans. Comm. & Utilities	2100	2100	2200	0	-100
Trade	3950	4050	3650	-100	300
Wholesale	650	650	550	0	100
Retail	3300	3400	3100	-100	200
Finance-Ins. & R.E.	700	700	650	0	50
Services & Misc.	3400	3550	3200	-150	200
Government	5350	4850	5450	500	-100
Federal	550	550	550	0	0
State	1750	1550	1650	200	100
Local	3050	2750	3250	300	-200

Oil and gas employment's share of the Kenai Peninsula's total employment has eroded over the years. Presently, approximately 6.7% of the Kenai Peninsula's wage and salary employment is employed in oil and gas. This compares to a 15% share of the wage and salary employment in 1970. Oil and gas's declining share is largely a result of more rapid expansion of the Peninsula's other industries. In the accompanying chart oil and gas employment can be found under mining. Oil and gas employment represents more than 99% of the Peninsula's mining employment. The oil and gas industry's share of the Peninsula's total payroll is proportionately greater than its oil and gas employment. Approximately 10% of the Peninsula's wage and salary payroll comes from the oil and gas industry. Its payroll share is larger than employment because its paychecks are among the largest on the Peninsula. During the first quarter of 1985, oil and gas's average monthly wage was $4,087, compared to the Peninsula's overall average monthly wage of $2,350.

Current Trends

Gulf Coast employment began its downswing in September. The un-



employment rate climbed to 9.3% and wage and salary employment netted a job loss of 2,350. Almost all of the region's industries lost employment to the annual seasonal slowdown.

Food and kindred products employment in September (fish processing) alone fell by 2,450 as the salmon season came to an end. The end of the tourist season put a damper on the region's retail trade and service industries. Construction is also a victim of the season, but its over-the-year picture also fails to register any growth. Employment has already peaked in this industry, and it is now headed for an extended period of sluggishness. Government employment was the only industry to post any monthly gains because local schools and community colleges reopened their doors this month.

Southeast Alaska

By John Boucher

September Employment Picture

Southeast Alaska wage and salary employment decreased by 750 jobs in the month of September to 31,000; the decrease meant that there were 2.4% fewer jobs in the Southeast region than in August. Total employment in the region continues to lag behind 1984 levels. In September of 1984 employment in Southeast Alaska was 31,650, which is 2.1% higher than this September.

The decline in employment over the month was due primarily to two industries, fish processing and retail trade. Employment related to Southeast Alaska's record setting salmon season began to drop significantly from its peak in August, falling by 800 jobs during the month. This represented a 33% drop in employment in the food and kindred products industry. The dramatic drop-off in employment can be expected to continue into the slow months of December through February when employment in this industry is typically between 300 and 400 jobs.

The employment drop in the retail trade sector is also typical for the month of September. Just about 50% of the total employment drop in retail trade was accounted for by eating and drinking establishments. The summer months are typically the restaurant industries best in terms of employment for several reasons, among which are the influx of the summer work force and the addition of tourist dollars to the local economy. As the tourist season winds down and the summer work force begins to head south for the winter, restaurant employment begins to decline.

Government employment, in particular the local government sector, was the only industry to experience an employment gain over the month. The increase in local government employment was due to local school districts gearing up for the new school year. There was also a slight increase related to the opening of the University of Alaska Juneau campus but it was offset by the seasonal layoffs in other departments of state government.

Unemployment

The unemployment rate for the Southeastern region moved up slightly in September from 8.2% to 8.4%, however unemployment was more than a percentage point lower than last year in the region when it was 9.5%. Examination of the number of unemployed by census division

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	P/ 9/85	R/ 8/85	9/84	Changes From: 8/85	9/84
Nonag. Wage & Salary	31000	31750	31650	-750	-650
Construction	1800	1850	2350	-50	-550
Manufacturing	3850	4550	4000	-700	-150
Food & Kindred Prod.	1650	2450	1600	-800	50
Lumber & Paper Prod.	1950	1850	2100	100	-150
All Other Mfg.	250	250	300	0	-50
Trans. Comm. & Utilities	2200	2300	2150	-100	50
Trade	4950	5150	5100	-200	-150
Wholesale	400	480	400	-80	0
Retail	4550	4700	4700	-150	-150
Finance-Ins. & R.E.	1150	1150	1150	0	0
Mining, Services & Misc.	4850	4900	5000	-50	-150
Government	12200	11850	11900	350	300
Federal	2200	2250	2100	-50	100
State	5550	5550	5500	0	50
Local	4450	4050	4300	400	150

(center insert), which is based upon unemployment insurance claims data, gives an indication as to why the unemployment rate has improved over the year.

The number of unemployed in both the Ketchikan and Juneau areas has dropped since September of 1984. The most dramatic drop is in the Ketchikan Gateway Borough census division where the number of unemployed has dropped by almost 50% since last September. The reasons for the improvement are two-fold. First the number of unemployment claims in the Ketchikan area was high at this time last year because of the closure of several wood processing facilities in the area. This is the same phenomenon that is currently producing a higher unemployment rate this September over a year ago September in the Sitka Borough.

However, the improved unemployment rate in Ketchikan cannot be solely attributed to an improvement in the wood processing industry. A drop in the total civilian labor force in the Ketchikan area has also occurred during the past year, indicating that the labor market is not as competitive as it was a year ago. This could indicate a number of occurrences in the Ketchikan labor market since last year, among them being that the marginal work force, for example housewives who only go to work when it is plentiful, is not as active in the labor force as it was a year ago. The drop in the labor force could also indicate that there has been an out-migration from the Ketchikan area of workers who are seeking better opportunities for employment.

Hours and Earnings

By Kathy Thomas

Year-to-Year Comparison of Average Weekly Hours

In last month's hours and earnings article in *Alaska Economic Trends*, mention was made of a year-to-year decline in average weekly hours. To determine if this is a recent phenomenon or an ongoing trend, average weekly hours from January through August are compared for current and year ago figures. The comparison is done for the five major industry categories, mining; contract construction; manufacturing, transportation, communications, and public utilities (TCPU); and trade.

All industries have not experienced declining hours. Mining fared best of all industries with August being the first month that average weekly hours dropped below year ago levels. Actually, hours in this industry are surprisingly high given lower oil and gas prices. Most mining employment is in oil and gas extraction. Activity in oil and gas extraction was exceptionally strong as a result of investments that had been initiated when oil prices were better. Other sectors of mining have been depressed because of low commodity prices and hence have had lower employment as well.

The decline of construction activity in the state was not evidenced in year-to-year changes in average weekly hours previously. Other than one month of decline, hours were above year ago levels through the month of June. However, in July and August when construction usually reaches a peak in activity, average weekly hours were below year ago levels for both months. Construction started the year as though activity would reach the levels of previous years but the most telling time of the construction season, July and August, failed to support that contention.

Manufacturing average weekly hours were below year ago levels for five of the eight observed months. Most notable, the three most recent months show increasing rates of decline from year ago levels. Though salmon runs have been good to excellent, a change in production methods has been affecting seafood processing activity. An increasing amount of the salmon catch is being sent out fresh or frozen which requires less processing and hence fewer employees. This combined with the difficulties in the wood products industry of low demand and low prices is beginning to show up in average weekly hours.

The poor performance of the trade and TCPU industries were

perhaps a harbinger of a declining construction industry. TCPU declined from year ago levels for seven of the eight months. Trade declined six of the eight months. The fact that is interesting about trade declines is that they have occurred for the last five consecutive months. These two industries are partly construction industry driven. The TCPU industry moves construction materials to and from construction sites. The trade industry is spurred by the purchase of construction materials and also by the purchase of furnishings and other miscellaneous retail items once the construction is completed.

One final observation about average weekly hours is worth mentioning. Beginning in April one industry had average weekly hours below year ago levels. By May two industries were below; June, three; July, four; and finally in August all five industries had lower average weekly hours. Rather than an isolated incident, average weekly hours have been consistently declining from year ago hours. It will be interesting to observe what happens to average weekly hours in the spring when most industries begin gearing up for the summer season.

Current Trends

For the month of September, average weekly hours were below year ago levels in four of the five major industries. Manufacturing was the only industry with increased average weekly hours. Actually year ago average weekly hours in manufacturing were unusually low. A major pulp mill had been closed for two months and was down to minimal activity levels which were reflected in average weekly hours.

Retail trade, being tourist driven, experienced seasonal declines in average weekly hours as the tourist season wound down in September. Consequently average hourly earnings in retail trade increased as part-time personnel hired to handle summer traffic were laid off.

Average Weekly Hours
January through August
1984 and 1985

		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
Mining	1984	49.9	49.5	51.3	50.0	48.4	48.4	49.6	52.2
	1985	52.8	52.9	51.7	50.9	48.4	50.9	51.5	50.9
Construction	1984	40.6	41.2	40.7	40.9	40.4	41.9	43.6	45.4
	1985	41.3	40.7	44.4	42.3	44.3	42.9	42.7	43.2
Manufacturing	1984	33.6	35.3	41.7	37.3	34.9	39.5	44.3	50.4
	1985	33.5	36.2	38.1	37.5	41.4	37.8	40.6	42.0
Trans. Comm. & Utilities	1984	39.1	38.8	36.8	37.1	38.1	39.0	40.1	39.2
	1985	35.1	34.0	36.7	37.3	36.8	38.4	37.8	38.4
Trade	1984	34.1	33.9	34.7	35.4	35.3	36.0	37.0	36.1
	1985	34.1	34.1	33.7	33.5	33.5	35.1	34.4	34.1

Average weekly hours are revised except August 1985 average weekly hours which are preliminary.

Source: Alaska Department of Labor, Research and Analysis.